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AZ CORP COMMISSION MAYES PROPOSED AMENDMENT # 1

DOCUMENT CONTROL

TIME/DATE PREPARED: July 20, 2006

COMPANY: Arizona-American Water Company

AGENDA ITEM NO. U-10

DOCKET NO. W-01303A-06-0284

OPEN MEETING DATE: July 25-26, 2006

Page 4, Line 5, INSERT NEW FINDING OF FACT:

"10. We believe that the Rate Base Reduction Tariff, as outlined in Staff's memorandum should be approved."

Page 4, Line 11, DELETE CONCLUSION OF LAW #3, INSERT NEW CONCLUSION OF LAW:

"3. Staff's recommendations in Findings of Fact No. 8 and 9 are reasonable and should be adopted."

Page 4, Line 14, after "interest" DELETE: "to deny approval of the proposed tariff for the reasons", INSERT:

"to approve the Rate Base Reduction Tariff and the supporting requirements"

Page 4, Line 15, DELETE: "7", INSERT: "9"

Page 5, Line 2, DELETE: "tariff filing be and hereby is denied."

INSERT: "Rate Base Reduction Tariff as discussed herein be and hereby is approved."

Page 5, Line 3, INSERT NEW ORDERING PARAGAPH:

"IT IS FURTHER ORDERED that Arizona-American shall file the Rate Base Reduction Tariff as discussed herein in Docket Control within 30 days of the effective date of this decision."

Make all conforming changes.

Arizona Corporation Commission

DOCKETED

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DOCKETED BY N.C.